

September 2014 COD System Implementation – Direct Loan Edit Changes

Attachment to September 2014 Electronic Announcement

This document highlights the processing function enhancements and modifications we will implement on September 14, 2014. These changes will impact COD System processing of Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans.

Changes to Direct Loan Origination Fee Editing

Beginning September 14, 2014, we will make changes to the origination fee-related edits schools receive on Direct Loan awards and disbursements.

Currently schools may receive several edits specific to origination fee percentages and calculations, including COD Reject Edits 140, 141, 142, 143, and 144. Beginning September 14, 2014, we will remove COD Reject Edits 142, 143, and 144. COD Reject Edit 140 will be expanded to replace Edit 142 and 144. Other existing COD Reject Edits will continue to be returned to schools, including edits 63, 77, 78, 141, 994, and 996. The following table summarizes how the origination fee-related edits will be returned to schools before and after the September update.

Edit	Before 09/14/2014	After 09/14/2014
Edit 140 (Incorrect Origination Fee Percent/Interest Rebate Percent is not valid for the period in which the Earliest Disbursement Date (EDD) falls)	Yes	Yes
Edit 141 (Cannot change the Origination Fee Percent and/or Interest Rebate Percent on an Active Loan)	Yes	Yes
Edit 142 (Invalid Origination Fee Percent and/or Interest Rebate Percent on Award Changes)	Yes	No School will receive Edit 140 instead.
Edit 143 (Disbursement Net, Fee, and/or Rebate Amounts are Incorrect based upon the Origination Fee Percentage and/or Interest Rebate Percent)	Yes	No School will receive Edits 63/77/78 as appropriate.
Edit 144 (Disbursement Dates do not match Origination Fee Percent and/or Interest Rebate Percent on file)	Yes	No School will receive Edit 140 instead.
Edit 994 (Missing Value)	Yes	Yes
Edit 996 (Invalid Value)	Yes	Yes, however, a school will receive Edit 140 for issues specific to origination fee % and interest rebate % tags.
Edit 63 (Incorrect Net Disbursement Amount) Edit 77 (Incorrect Disbursement Loan Fee Amount) Edit 78 (Incorrect Disbursement Rebate Amount)	Yes	Yes

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New COD Reject Edit 213 and Origination Fee System-Generated Response

We are also making changes in the COD System to facilitate the implementation of future changes to loan origination fees. Beginning September 14, 2014, we will add a new edit and a new system-generated response to assist with origination fee changes.

COD Reject Edit 213

We will begin to return COD Reject Edit 213 (Actual Disbursement Submitted with EDD after an established date) when a school submits an ***actual disbursement*** (Disbursement Release Indicator (DRI) equals ‘True’) and the earliest disbursement date (EDD) on the award is on or after an established date (see the Note below). The edit will help eliminate the need for schools to correct records once the new origination fee is known. The disbursement-level edit will be applied to all Direct Loan award types and across all active award years.

Awards with an EDD on or after the established date and that only contain anticipated disbursements (DRI equals “False”) will be accepted with origination fees effective for the prior period.

Note: The ***established date*** will be determined by Federal Student Aid when changes to origination fees are expected and the new fees are unknown. We will inform the community of the established date through an Electronic Announcement when it is determined. As an example, the established date for the next origination fee change is October 1, 2015. If a Direct Loan award with an ***actual*** disbursement is submitted to the COD System and the EDD is on or after October 1, 2015, the award will be rejected with COD Reject Edit 213.

Origination Fee (OF) Correction and System-Generated Response

Once the new fees are established, the COD System will correct the origination fee for awards with only anticipated disbursements with an EDD on or after the established date.

With the correction, a new system-generated origination fee (OF) response with the new Origination Fee Percent, Interest Rebate Percent, Disbursement Net Amount, Disbursement Fee Amount, or Disbursement Rebate Amount will be sent to a school’s Student Aid Internet Gateway (SAIG) mailbox (message class CROFyyOP). The responses will be award year specific with “yy” indicating the award year of the response. For example, CROF15OP will be returned for the 2014-2015 Award Year.

More information about the origination fee response is provided in the [2014-2015 COD Technical Reference](#).

Note: We provided the new origination fees for Direct Loans with a first disbursement on or after October 1, 2014 and before October 1, 2015 in [Dear Colleague Letter \(GEN-14-10\)](#). Because we do not anticipate another change to the origination fees until 2015, most schools will not see this edit or system-generated response in the short term.

COD Reject Edit 50 Updated to Ignore Disbursements Reduced to \$0

Currently, if a school attempts to make changes to an award’s loan period (financial award begin date and/or financial award end date), and one or more disbursement dates fall:

- More than 180 days after the new loan period end date (financial award end date) OR
- More than 10 days before the new loan period start date (financial award begin date),

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the system will reject the date change with COD Reject Edit 50 (Disbursement Date Outside Allowable Window) even if those disbursements have been reduced to \$0.

Beginning September 14, 2014, we will change COD Reject Edit 50 to ignore disbursements that have been reduced to \$0.

Note: We will continue to include disbursements that have been reduced to \$0 when determining the EDD for an award. In addition, if a school subsequently increases the disbursement amount to be greater than \$0, the disbursement date must fall within the allowable timeframes when compared to the financial award begin and end dates.